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# **LANL Charging Practices**

## **Course Number 18930**

### **Introduction**

Because numerous federal agencies and outside organizations provide funding for hundreds of projects and programs, Los Alamos National Laboratory's system for charging for time and effort, and the purchase of materials, supplies, and services, is complex. As a LANL employee, you are responsible, both legally and ethically, for knowing and consistently following charging practice rules, complying with Laboratory financial policies, and understanding the consequences of improper charging.

This course is designed to increase your understanding of an employee's responsibilities regarding charging practices at the Laboratory and help you charge time and labor and non-labor costs accurately. The training is required of all Laboratory workers except craft labor, who have separate training that is specific to how their effort is charged and collected. This training should take less than 20 minutes to complete.

### **Course Objectives**

When you have completed this training, you should be better prepared to:

- Recognize the importance of accurately charging labor, travel, material, and services to the correct project codes.
- Understand the consequences of negligent, fraudulent, or inaccurate charging and the charging of unallowable costs.
- Recognize the importance of not starting work on any project until work is approved and you have approved funding.
- Prevent common charging mistakes and make cost code corrections.
- Reporting time in excess of schedule hours.
- Charge time for proposal preparation and transition labor.
- Understand how to charge for labor and travel costs while on travel.
- Use available tools and resources to help you produce and verify accurate charging.
- Know where to get advice and assistance when you need it and where to report charging concerns when necessary.

## Entering Your Time

### Approved Codes for Approved Work

It is critical that you not begin work on any project until you have approved program codes and your manager's approval to start work. Having approved codes generally means that the project you are working on has been authorized by DOE/NNSA or other program sponsor via a contractual document (work agreement) and that the necessary funding is in-house, not just promised or in a federal budget.

You must enter your work time using the Time and Labor function of the Laboratory's Oracle Time and Labor module. This Web-based system is accessible to any employee with a PIV badge or Z Token card and administrative access to the Laboratory's computer network. Employees without administrative access should contact their organization's timekeeper for assistance.

It is your responsibility to charge time and labor only to the projects on which you worked and in the correct and proper amounts for the timecard period you worked. The work performed must be for projects approved by your manager and funded with approved project codes. Your work must also be charged to the correct project codes, with no exceptions. If you are unsure about which project code to use, ask your manager prior to beginning work. Employees should understand their task as defined in the project's scope of work, or as explained by the manager, and make sure they are charging the project correctly. Labor and material costs must not be incurred prior to a project's start date, and work must not start on a project until funding has been received.

Charging to more than one project code requires keeping track of the time you spend on the work benefiting each project and then accurately charging that time to the appropriate project codes. When your work simultaneously benefits multiple projects, your time must be charged equally to all of the benefitting projects. An example of this situation is shown below.

### Example

Yesterday, an administrative support staff member spent six hours working on a document for Project A. When the worker attempted to electronically file the document, the server, which is used for work on Project A, and another project, Project B, was full. The employee then spent two hours reviewing and deleting documents in an effort to free up space for future use by both projects. The employee worked a total of 8 hours, 2 of which benefitted both Projects A and B. His time must be entered as follows: 7 hours to Project A and 1 hour to Project B.

Your time should be entered and submitted for your manager's approval on the employee's last day worked of each week (P765 3.2.1). Exceptions to this deadline may occur to accommodate certain shortened workweeks, holidays, winter closures and the fiscal year endings. In those cases, your time should be submitted and approved in accordance with schedules published by Finance (FIN) and Accounting (CNTL).

If you are a LANL manager responsible for approving the time and labor of others, there's a little more you need to know about the basics of entering time and labor.

If you are not a LANL manager, please continue this training by clicking on the "Next" button below.

## Manager Time and Labor Approval Responsibilities

As a manager, you are responsible for ensuring that funding has been received for projects prior to authorizing staff to begin work and for communicating project codes to your staff in a timely manner in order to ensure that work can be appropriately charged. You are ultimately responsible for ensuring that your staff's time is reported to the proper project in the correct amounts and for the proper timecard period and you must ensure that the projects your staff is working on have sufficient funding to support their work.

To do this, you will need to work with your group or division's deployed Financial Business Analyst to forecast staffing needs, monitor the project spending and update the scope of work as needed. Project managers are notified through email when project codes are costed and committed at 75%, 90%, and 95%. When such notice is received the manager should review the project and, if needed, request additional funding to complete the scope of work, or stop work and make necessary staff changes. In addition, project managers are notified when a project is within 30, 60 and 90 days of the period of performance end date. If work cannot be completed by the project end date, the project manager must work with the sponsor to extend the period of performance, or all work must cease on or before the project end date.

In addition to validating productive time to projects, managers must also validate non-productive time (vacation, sick leave, report pay). Managers should not approve negative vacation use (vacation advance) "if he or she believes that the employee will not accrue enough vacation to pay back the advance or the group-level manager has other reasons to disapprove the advance." P730 3.2.1

### Example

On Wednesday, a manager receives an email that their project is 90% costed with an available balance of \$30k. The manager immediately meets with their budget analyst to review the forecasted costs. The results of this meeting indicate that the funds available will cover assigned labor through Friday. Immediately, the manager notifies all employees assigned to this project to stop work on Friday. At this time, the manager also redirects the efforts of these employees, which includes providing a new project code. If the scope of work is not complete, the manager will negotiate with the sponsor/customer for additional budget.



You must complete your review of staff timecards every Monday by 9:00 AM. Timecards escalate to backup approvers after 9:00 AM, who have until 10:00 AM to approve them. Timecards are automatically approved shortly after 10:00 AM. Monthly Business Stewardship Reports (BSR's) include an auto-approved time card report. BSR Periodic review and signature by the manager acknowledges auto-approvals. Copies of the timecards must be kept on file indefinitely for audit purposes. To avoid auto approved timecards, managers can assign delegate approval authority to other personnel using Oracle Worklist access function. Deadline exceptions will be communicated by Finance and Accounting.

#### Not Entering Time

Type	Project	Task
Vacation	V50000	00000000
LWOP	V50000	00000000

[Add Another Row](#) [Recalculate](#)

It is to your benefit to enter your time accurately and punctually every week. If you do not, and you cannot be reached to submit a time card when it is due, and your manager is not aware of your attendance record or which project (s) are to be charged to for your work, your group's timekeeper must enter your time on your behalf as vacation, or leave without pay, if you do not have a vacation balance. If your time is not entered correctly, this could result in your paycheck being calculated incorrectly.

#### Inaccurate or Fraudulent Time Entry

Laboratory Policy P765

### Section 3.3

Except as provided in Section 3.2.1, if an employee misreports time, the employee will be subject to disciplinary action, up to and including termination. If a timecard approver approves time that he/she knows to be inaccurate, the timecard approver will be subject to disciplinary action, up to and including termination. If a manager or timecard approver instructs an employee to misreport time, that manager or approver is subject to disciplinary action, up to and including

termination. In all cases, the Laboratory may take legal steps to recoup the cost from the employee, timecard approver, and/or manager.

It is important to report your time correctly. In submitting your time, you are attesting to its accuracy. Intentionally misreporting your time can lead to disciplinary action up to and including termination per Laboratory Policy 765. A timecard approver is also subject to disciplinary action including termination if he/she knowingly approves inaccurate time reporting. The same consequences not only apply to initial charges, but also to any subsequent time corrections.

Improper charging can not only jeopardize your project and your job, it also puts the entire Laboratory at risk if too many charging errors seem to indicate that we are unable to demonstrate the financial fidelity required to make us trusted stewards of taxpayer funds.

### [Charging Unallowable Costs](#)

#### [Know the Rules](#)

Laboratory Procedure P815 provides the criteria that must be met for a cost to be allowable, and the consequences for incurring/approving unallowable costs without the authority to do so.

Before expending any funds, employees must determine whether a cost is allowable. Some general unallowable costs include alcoholic beverages, office decorations, contributions or donations (even to non-profits or charity), entertainment and related meals and gifts. If an employee or manager is unsure whether a specific cost is allowable, they can refer to Laboratory Procedure P815, Allowable Costs, the Laboratory's Cost Allowability web site, or get assistance from their group or division's Business Manager or deployed Financial Business Analyst.

### [Charging Time for Unfunded/Unassigned Staff](#)



Unfunded or unassigned staff, also referred to as Displaced Personnel or Transition Labor, must charge their time to their Organizational Support account using the task number 00200000. Employees using this account 100% of the time are not allowed to work on direct programs. Any time worked while charging to the Organizational Support account must be time spent on program development, supporting the organization's administrative needs, or other organizational support activities, and/or seeking a funded position. Use of this account, and assignment of organizational support work activities, must be approved in advance by a line manager.

## Reporting Time Worked in Excess of Scheduled Hours



For non-exempt LANL employees, your manager must approve any overtime prior to you performing the work. All overtime hours must be entered on the actual day the hours were worked.

For exempt LANL employees, hours worked in a week in excess of the scheduled hours must be pro-rated to each funded and approved project code that is benefiting from the work. This pro-rating is based on the percentage of time actually spent working on each project. A Microsoft Excel calculator is available to help employees calculate the percentages to pro-rate to projects. Look for a link to the file on the Resources You May Need page at the end of this course. Employees working on large EVMS projects (greater than \$20m and EP capital projects) must send completed work sheets to the project manager as project records.

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If an employee works 36 hours on project A, 10 hours on project B, and 10 hours on project C, the total number of hours he or she worked in a week is 56 hours. As an exempt employee, he or she can only report 40 hours in the OTL module, and thus must pro-rate all hours worked to the projects he or she worked on. The employee must determine the total percentage he or she worked on each project, then apply that percentage to the 40 hours. The result is what the employee will enter in OTL. The employee must make sure to make adjustments if he or she is on the A schedule or B schedule.

<b>Project</b>	<b>Percent of Hours</b>	<b>Pro-rated Hours</b>
Project A 36 hours / 56 hours	64% .64 x 40 hours	26 hours
Project B 10 hours / 56 hours	18% .18 x 40 hours	7 hours
Project C 10 hours / 56 hours	18% .18 x 40 hours	7 hours
Total % Split	100% Total hours reported in OTL	40 hours

## Reporting Labor Hours While On Travel

Labor hours worked while on travel must be charged to the projects benefiting from the trip. If more than one project or program will benefit from the trip, labor associated with the trip must be allocated in proportion to the received benefit. The projects or programs must also pay for the related travel expenses such as per diems, airline tickets, and registration fees. Travel expenses must generally be charged to projects in the same proportion as the labor charges with two notable exceptions. The first exception is when an agency or organization outside the Laboratory pays for an employee's travel costs, but not for the employee's labor costs. If the travel benefits one of the Laboratory projects, that time should be posted to the benefitting project. If the travel does not benefit the Laboratory, the employee must record their work time away from the Laboratory as personal leave, such as vacation time or leave without pay.

The second exception is when an individual is traveling for a specific project, but while on travel, intends to work on other on-going projects - either en route to the travel destination or during work "downtime". In this case, the individual will charge the multiple benefiting projects for their time, just as they would while working onsite at the Laboratory. The example below illustrates how to calculate for charging the exception in Oracle.

## Example

Jessica is assigned to work multiple projects on a 5/40 work schedule. She is currently on a week (8 hours/day for 5 days = 40 hours) long trip to Oak Ridge (Project ORNL) to meet with customers. She has meetings from 8am to 3pm and uses the remaining 2 hours to work on a project she is also working on for Livermore (Project LLNL). Her time and travel costs should be charged as follows:

Category	Charging Breakdown
Travel	100% to Project <b>ORNL</b>
	30 hours to Project <b>ORNL</b> (5 days @ 6 hours/day)
Labor	10 hours to Project <b>LLNL</b> (5 days @ 2 hours/day)

In addition to entering her time as noted, she must document what occurred in the Oracle Time and Labor Comments field. Because the Livermore project was not the reason Jessica went on travel nor did it benefit from this travel, none of the travel costs should be charged to that project.

#### Exception #1

An exception to the requirement outlined above is given when an outside entity (anyone except LANL) is paying for travel costs but not contributing funding for the traveler's labor cost. In this situation, the employee and his/her management must determine whether the travel in fact provides benefit to the Laboratory. If it does, the appropriate LANL project should be charged for the labor cost related to the travel. If it does not benefit any Laboratory program(s), the traveler will need to record the time as personal leave (i.e., vacation or leave without pay). When an outside entity is paying for travel that is not associated with any Laboratory program(s), the travel may be associated with the employee's outside activity or, in some situations, the travel may be a gift. In these circumstances, it is recommended that the employee contact EA-Ethics prior to travel for further guidance.

#### Exception #2

The more likely exception is when an individual is traveling for a specific project, but while on travel, works on other on-going projects -- either en route or during "downtime." In this situation, the individual will charge the multiple benefiting projects for his/her time but charge the travel costs to the project for which he/she is travelling.

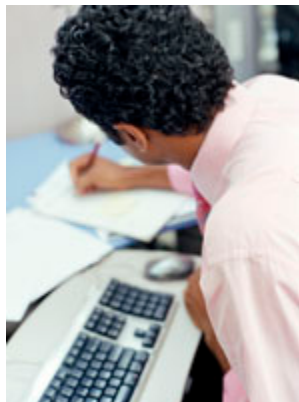
#### Documentation of Exceptions

Documentation is required when labor and travel charges are not in agreement and one or more of the projects is a non-DOE funded project (e.g., Work for Others, Parent Company work, or Shared Non-reimbursable (NR) work (project codes U6xx). In that case, the traveler should provide a justification in his/her timecard header comment field. This helps the Laboratory ensure that correct charges are being billed to the appropriate sponsor.

Additionally, employees must be prepared to provide justification to an auditor or CNTL Financial Compliance (CNTL-FC) if questioned about travel and labor costs not charged to project codes in the same proportion, as part of an audit or internal floor check.

## Charging Time for Proposal Preparation

There are situations when time spent preparing work proposals should be charged to specific project codes.



Management Directed Proposal Preparation charging occurs when a staff member is directed by management to work on a proposal to generate additional funding. The Finance Division requires that proposal preparation time be charged to the appropriate organizational support account or program office support account using program development task 00040000.

When a staff member prepares a proposal without management's direction, Finance Division requires that no time be charged against LANL project codes. Proposals for new funding should be prepared outside of the employee's regular scheduled hours and the use of government resources for the proposal efforts (if any) should be negligible. The proposal development does not involve performing technical work nor does it involve the use of technical resources, such as scientific equipment.

## Requests for Additional Work on a Funded Project

If a staff member is currently working on a funded project and the sponsor requests a proposal for continuing with additional scope, it would be appropriate to charge these costs to the sponsor through the existing charge code.

## R&D and Overhead

- R&D work is only permitted on direct funded projects and LDRD, R&D work is never allowed on overhead accounts.
- Managers need to be aware of work on overhead accounts to ensure R&D is not being performed.
- However, it may be appropriate for technical staff to charge overhead accounts for non-R&D work activities such as proposal development, strategic planning, work force planning and development. Site Support [FIN-B3021](#) should be referenced for using this overhead account for these types of activities.

## Avoiding Cost Transfers



### How to Avoid a Cost Transfer

- Know the project code prior to starting and use the correct code for the work,
- Carefully review codes when entering time and incurring non-labor costs.

Remember, overrunning a budget is never a justification for a cost transfer.

All time and labor and material costs are posted toward projects. Costs must accurately reflect work performed for the appropriate project(s). When costs are identified as errors or are more appropriately reported elsewhere, a cost transfer is required to properly record the costs. A cost transfer is the process used to move time and labor and non-labor costs from one project code to another. All cost transfers must be defensible, appropriate, authorized, and documented. By planning your staffing and purchases, and by timely communication of project codes to staff, cost transfers can be avoided.

## Correcting Charging Errors

### Correcting Approved Time

Labor Transfer Justification Codes	
Code	Lookup Code Meaning
C1	Project Planning not timely
C2	Project Approved but Code not Created
C3	Relationship Between Related Projects Not Clear
C4	Proper Charge Code Not Communicated
C5	Program Redirection Not Communicated
C6	Early Time Entry
C7	Data Entry Error (Typo)
C8	Change to Work Breakdown Structure (WBS)
C9	Reorganization
C10	Changes Between Productive and Non Productive Time Codes
C11	Other (requires additional comment).
C12	Pay Elements Adjusted



Click the icon to the left for a PDF version of the Labor Transfer Justification Codes.

If time has been submitted and approved and a correction is later required, employees must submit a labor correction through the Oracle Time and Labor (OTL) module. The correction process is generally the same as making original time entries. If a correction to previously approved time is made after the three weeks following the filing of the original timecard, you must provide a defined justification code and a full description on the OTL details screen for each correction made. If the justification code and description are not entered in the OTL detail screen the system will not accept the correction. If a correction to previously approved time is made within the three weeks following filing the original timecard, a justification code and description are not required.

You should also notify your timecard approver when a correction is made, so that the timecard can be approved and processed in a timely manner. Approvers will be notified of outstanding correction requests through their Oracle Worklist and should diligently review time corrections to ensure projects are being charged correctly and the hours recorded are correct.

#### Correcting Non-Labor Costs



For non-labor cost transfers, managers should work with their division or group's deployed Financial Business Analyst, who will use the Oracle Cost Transfer Request or other forms to prepare the cost transfer requests. Based on the type of cost transfer and form used, managers may receive an email and an Oracle Workflow notification, and be required to log into Oracle to approve the cost transfer.

#### Correcting Approved Time and Non-Labor Costs for Prior Fiscal Years

To correct labor and non-labor costs for prior fiscal years, contact the Financial Budget Analyst for your organization for assistance.

#### Resources You May Need

For more detailed information about charging your time and labor costs, see Laboratory Policy: [P765, Employee Time and Labor](#).

A Microsoft Excel calculator can be found at [the Laboratory's Payroll-Overtime website](#) that can help employees calculate their overtime percentages.

If you have any questions or if you need help with anything contained in this training, you should contact your division's deployed Financial Business Analyst. A list of contacts can be found at [the Finance Website](#).

If you have questions about how to apply the time charging policy to your particular situation, or if you feel that you've received direction that is not consistent with the policy, please contact your FIN ALD Business Manager for assistance. Ordinarily, the ALD Business Managers can provide quick answers to such questions. Contact information for the ALD Business Managers may be found at [Financial Contacts](#).